



## Building and managing an appropriate results measurement system

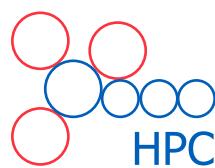
Lessons learned by a smaller  
Market Systems Development Program  
applying the DCED Standard

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This case study presents the lessons learned by the *Increasing Market Employability* program (IME), implemented by *Swisscontact* and funded by the *Swiss Agency for Development Cooperation* (SDC), that applied the *DCED Standard for Results Measurement* in a relatively small Market Systems Development (MSD) Program in North Macedonia.

Since the launch of the DCED Standard for Results Measurement, there have been questions as to whether such a Monitoring and Results Measurement (MRM) framework of good practices could and should be applied by smaller programs<sup>1</sup>. IME started its implementation phase in 2015, was active in three sectors<sup>2</sup>, had a budget of some CHF 6 million for the first 4-year phase and employed 11 staff<sup>3</sup>. IME aimed to create more than 2,000 jobs and increase the net income of more than 1,000 companies by CHF 1.5 million in 4 years.

IME designed, developed and managed an appropriate results measurement system.

The objective of this paper is to share the lessons learned in order to help other team leaders of smaller and larger programs to make use of this learning when developing their MRM systems. We present *what* needs to be done and *why* it is important for each phase of the Program Management Cycle: *the tender, inception, implementation and review* phase.

The paper builds upon the *Good Practices Paper* for SDC Program Managers that provides more guidance from the perspective of the SDC program manager and that the reader can easily translate into a check list for team leaders of implementing agencies<sup>4</sup>. We expand on how that can be done, especially on the *key changes we made to improve our MRM system*.

<sup>1</sup>The term 'smaller' is used to distinguish the IME program from multi-million MSD programs such as *Katalyst*, *CAVAC*, *AIP-Rural* and *MDF*

<sup>2</sup>Creative Industries (IT and software services, product design, food processing, furniture and light manufacturing), Green economy (organic agriculture, sustainable building and energy efficiency) and tourism and hospitality (destination management, access to markets and capacity building of tour guides)

<sup>3</sup>Excluding staff for finance, administration and logistics

<sup>4</sup>This case study was written by Hans Posthumus and Rozandi Louw

# The Tender Process

- |             |   |
|-------------|---|
| <b>What</b> | <b>Management structure</b>   |
| <b>Why</b>  | <b>Ensure a flat organisation with enough flexibility to adjust over time</b> |

We started off with a Program Manager<sup>5</sup> and a Deputy Manager, each responsible for steering 1-2 sector teams:

two intervention managers for each sector of which one acted as the sector lead.

We had a full time MRM manager, at the same level in the hierarchy as the sector leads, but we gave her more authority to ensure MRM was given appropriate attention. In addition, we employed two staff members for cross-sector themes (skills, youth development and gender), as well as one communications officer and three staff for finance, administration and logistics.



<sup>5</sup> To avoid confusion, we use the term ‘team leader’ from here onwards: the person managing the implementing organization.

## What → Reporting requirements

## Why → Focus on what is important and realistic

We developed the log frame too early and in too much detail during the inception phase. We didn't know enough about the sectors, and it resulted in too many indicators that nobody needed. We suggest keeping it to **5-7 key indicators** at outcome and impact level that also match the reporting requirements to the donor's head office.

We reported gender-disaggregated data for relevant indicators up to outcome levels.

We simply didn't have the resources to assess disaggregated changes within the household level such as use of income or changing perceptions.

We also had some challenges in matching implementation cycles and reporting requirements. Impact from interventions follows business cycles, whereas our SDC program manager had to report to head office in accordance with their reporting cycles. We identified various solutions: either use projections to report on likely changes at impact level or report only on lower level indicators which signal that impact will be achieved later. We followed the business cycles and assessed impact when it was likely to have been achieved. We avoided using resources to assess impact too early if it was only to be able to report them within that financial year.



**What** → MRM system

**Why** → Integrate the MRM system and ensure it provides management information

Swisscontact developed internal MRM guidelines that are aligned with the DCED Standard, defining management processes, instruments, resources and quality assurance. Hence our proposal included information how MRM would be integrated: MRM would be driven by the program manager, with a full-time senior MRM position and a description of the management information system that enables flexibility, is process and results oriented, and promotes learning.

**What** → Human resources

**Why** → Staff is your key asset. Staff with MSD and MRM experience are in high demand and scarce

We searched and proposed the core team in the tender, searching and recruiting other staff during the inception phase. The team leader had experience applying the DCED standard, while the proposed MRM manager had lots of research experience. We didn't find intervention managers that had MSD and MRM experience<sup>6</sup>, and hence we realized early enough that we needed to plan and budget for a lot of capacity building activities<sup>7</sup>.



<sup>6</sup> IME was the first program in North Macedonia to apply the MSD approach and the DCED Standard.

<sup>7</sup> This actually starts with the team leader: if the team leader is not yet experienced in applying this type of MRM system s/he should be trained in MRM in order to lead the process and build the capacity of the team

<b>What</b>	► Financial resources
<b>Why</b>	► Without a separate budget, MRM is bound to get squeezed

We budgeted 5-8% of the activity budget for MRM activities. This was sufficient for us.

It paid for the research that we outsourced (baselines, impact assessments, special studies, etc.). Most of the MRM tasks are done by us, involving time and travel expenses, and those were covered under the usual management budget lines. This reflects how we see the MRM tasks: they are necessary to be able to manage the interventions. We also budgeted for an MRM audit under the same budgetheading for the external mid-term-review so that it is clear and doesn't affect our competitiveness in terms of price.

## The Inception Phase

<b>What</b>	► Sector analyses and strategy formulation
<b>Why</b>	► To ensure an appropriate practical analysis that leads to strategic decisions

Our understanding of the sectors grew gradually during implementation. As a team leader it's important to convey the message to staff and donors that the strategy is not set in stone: adaptive management implies that strategies are reviewed by comparing results with projections and by assessing external factors and sector dynamics. We reviewed our strategies using the information from our MRM system.



<b>What</b>	► <b>Developing projections for the selected sectors</b>
<b>Why</b>	► <b>To define realistic targets for the headline indicators and matching targets and resources.</b>

We learned that you can only develop sector level projections after you have done proper **sector analyses** and have developed **realistic sector strategies**. In fact, only when we actually started to implement interventions, did we get a real sense of what was the real baseline situation and what would be a realistic projection. So, we recommended that our donor should accept the sectorlevel projections as 'the best we can do now' and to adjust them over time.

<b>What</b>	► <b>Designing the MRM system.</b>
<b>Why</b>	► <b>To set the parameters of the MRM system: what should it do and how much will it cost?</b>

The MRM system provides information to manage our interventions and to report results in a more credible way. The key challenge however is basically to decide what not to measure. Impact that we created with our intervention partners also created impact beyond the narrow impact that we projected. And because we are target driven, we aimed to assess results as much as possible.



However, if we tried to collect everything (such as the effect on other sectors and induced employment) we spent too much energy on capturing it all. We learned that it is much better to **focus on assessing key impact indicators** only through our standard measurement plans.

If we could see significant impact elsewhere, then we would assess that through special studies. This doesn't imply we didn't report those effects, but we did it in our narratives using qualitative information, rather than reporting verified quantitative indicators.<sup>8</sup>

<sup>8</sup>This also relates to assessing systemic change for which reference is made to the Practitioners' Note [Assessing Systemic Change](#)

**What** → Developing the MRM system.

**Why** → The MRM system also informs staffing needs and the intervention design process.

We had one full-time MRM manager and six intervention managers/facilitators. That worked for us because program staff did most of the design and monitoring tasks of the interventions and the MRM manager was responsible for most of the impact assessments.

What we realized later, is that we needed to pay more attention to the **soft skills of the MRM manager**. MRM managers are often researchers and number crunchers. That is important, but they also need skills to steer, train, coach and support the intervention managers. That needs to be part of the recruitment and performance assessments and the team leader needs to drive this process to find the balance between ‘policing’ and ‘coaching’.

Looking back, we think that we would have benefited from more **backstopping** during the inception and the first years of the implementation phase. We probably reinvented the wheel a bit and fell into some pitfalls that an experienced advisor would have helped avoid. Having access to an expert to guide and support the team leader and MRM manager will make the process much more effective.

We initially developed an MRM manual to describe our system using the Swisscontact MRM Internal Guide for programs as a basis.<sup>9</sup>

What we soon realized is that what is needed at program level is a lean and user-friendly manual consisting much more of templates, formats, graphs, tables, matrixes and processes for staff to use: no huge readers, just short overviews.

At the centre of our system is what we call our Intervention Plan: an excel workbook with several work sheets where all information is stored from intervention design to impact assessments. We ensured that any discussion around interventions was based on the information in the Intervention Plans. That needs discipline and a change in mindsets of staff: staff should use them to **monitor and analyze**, and not to perceive the Intervention Plan as a reporting requirement.

Another key lesson we learned is that the aggregation system needs to be well thought through from the beginning: the **fewer indicators**, the better. We recommend building an excel-based system that enables tracking changes, is transparent and is verified by somebody else besides the MRM manager who is responsible for maintaining it.

<sup>9</sup>Reference is made to the [guidance note](#), ‘Developing a Programme-Specific RM Manual’ that provides information and examples of manuals in use by other programs.



**What** → **Developing the capacity to implement the MRM system**

**Why** → **Staff members make the system work: hiring and coaching is key to success.**

Although we hired the best staff available in the country, we realised that we needed to train and coach staff a lot. An experienced MRM manager from our head office trained all our staff at the start of the program, our own MRM manager attended trainings and seminars and the team leader mentored staff on the job.

In retrospect we would have spent more resources on training all our program staff and would do that through a few short tailor-made trainings so that staff can gradually learn and apply the tasks. We would combine the trainings with technical assistance to keep it affordable.

We learned that **coaching on the job** is even more crucial. That needs to be done by both the team leader and the MRM manager. Staff were new to MSD and MRM and needed guidance. That also meant we had to be hands-on at the start. Involved in the design of the intervention: sketching business models and results chains when jointly thinking through a potential intervention design. Involved in the MRM planning and involved when findings from a monitoring visit are being analyzed, ensuring that the repetitive '**why-why-why**' questions are answered.<sup>11</sup> Gradually handing over but remaining a role model.<sup>12</sup>

The team leader also provides the strategic MRM overview. MRM managers might aim to design and implement a perfect system (through the eye of a researcher) yet as a team leader it's important to give guidance on what is appropriate for the program (to use for **decision making** and reporting). Many of our discussions were on 'what is good enough', balancing between over-complicating and over-simplifying.

<sup>10</sup>Have a look at the [DCED website](#) for training courses, webinars, seminars and other events.

<sup>11</sup>More tips are available in the [Practitioners Note, 'Monitoring', March 2011](#)

<sup>12</sup>Also have a look at '[Building a Learning Culture – The Case of MDF in Fiji](#)' on creating buy-in from staff

Maybe more challenging than building capacities has been creating buy-in from our intervention managers. It takes a while before staff realise the importance of MRM, so we enforced it initially.

The MRM manager verified that Intervention Plans were up-to-date and that monitoring tasks were completed on time. She had the authority to give tasks and deadlines and to ensure sector teams respected them. Once results were being achieved, assessed and reported, the sector teams started realizing the benefits of the MRM system and MRM became part of the job. It's probably the most challenging aspect of MRM.



- What** → Roles and responsibilities of the implementing agency and SDC program manager.
- Why** → Create the conditions for managing the program.

It's important to create clarity when the donor wants to be informed, be involved or needs to approve changes. We aimed to keep the donor informed as much as possible, but to maintain flexibility we avoided requiring too much approval. The donor might have a different understanding about what that implies in terms of steering a program. We learned that as an implementer, one needs to take an active role in putting this on the agenda as soon as possible.<sup>13</sup>



<sup>13</sup>Have a look at '[the Good Practices Paper](#) for SDC Program Managers' to see how that agenda might look like

# The Implementation Phase

<b>What</b>	Reviewing the portfolio of sectors and interventions
<b>Why</b>	Focus on reviewing strategies and intervention logics based on facts and analyses

We had Monday morning meetings with sector teams that were of course more operational in nature, yet we always had discussions on the higher level changes: what are the outputs and outcomes that we are seeing or not, and why. This helped a lot in changing mindsets of staff: not acting as activity managers but performing as intervention managers.

**Twice a year** we had intervention and sector reviews. The teams would analyze the changes and prepare a PowerPoint Presentation

This ensured focus and avoided too much writing. It took them only a day as they would build upon the Monday morning meetings.

The sector teams and the core management team then discussed their pre-analyses, and at the end of the same day we finalised the PowerPoint Presentation. These were then shared with our donor. We were flexible.

Sometimes we did this with all the sector teams together, sometimes we did it per sector team, much depending on how important the changes or learnings were and of course our workload. We normally completed the entire process for our program within a week.

<b>What</b>	Planning and reporting
<b>Why</b>	To ensure program resources are used to achieve most impact

We developed Yearly Operational Plans that included sector level projections and resource allocation to sectors and interventions. That gave us focus but also flexibility at intervention level between the bi-annual reviews. Sector teams were responsible for writing their sector report, which were then reviewed by the MRM manager, team leader and communications officer and then incorporated into the program report and submitted to the SDC program manager. We used the reporting process to stimulate reflection and ownership.

<b>What</b>	Testing and maintaining a functional MRM system
<b>Why</b>	To assess whether the MRM functions as designed

We contracted a DCED certified auditor to assess our system at the end of year one to identify the gaps and recommend how to address them. We did it at the right time: we had designed and applied most of the MRM elements, while it was still early enough to adjust them. Of course, there were gaps we had to address, but most helpful were the recommendations on how we could do it all **more effectively**.

The assessment also provided insight into where and how to build our internal capacity.

The pre-audit review informed our donor about the strengths and weaknesses of our system. It also helped us to make changes: we had a log frame with too many indicators, some of which were irrelevant, and the recommendations helped us to advocate changes. In our second year, we had another review of our system this time by an experienced MRM backstopper from our head office. This gave us, and apparently also our donor, confidence that our **system was suitable for our needs**. Paying so much attention to our MRM system also made it clear to our staff that we were serious: MRM is not an add-on, but an integral part of our work.

## Key changes we made to improve our MRM system

We initially followed the DCED guidance almost as a blue print aiming to do it as thoroughly as possible and paying probably insufficient attention to the context and the resources that would make it a practical and efficient system.

We had built a rather **heavy system** with documentation requirements that resulted in unproductive staff time spent on writing progress reports, keeping detailed minutes of meetings, and writing monitoring reports. We changed this by adding 'tabs' to our Intervention Plan<sup>14</sup> where all that information was noted in bullet style. This ensured that all information was in one place, it minimized writing time, and was more likely to be used for discussions.

We also stopped listing internal assumptions that explain the logic between the changes reflected in the results chains which is time-consuming and doesn't add much value. These assumptions become apparent when you make detailed projections<sup>15</sup>. Key external assumptions were simply listed as risks in our Intervention Plan<sup>16</sup>.

We included **business models** in our Intervention Plans: a simple visualization of the (trigger and uptake) actors and their transactions and incentives. This helps to design the intervention, helps to define and include indicators to assess the likelihood of sustainability and helps to recognize and assess systemic changes.

Our **results chains** initially reflected our level of understanding: very detailed at the activity/output level and then jumping to preformulated outcome and impact boxes. We thought that would make it easier but it had the opposite effect: the results chains could hardly be used as a management tool above the output level. We probably designed them too early. They had to be completed at the design of the intervention when much was still unknown. We opted therefore for a more-logic/less-formatted and more-process/less-product approach: sketch what is known, investigate what you don't know, and add detail during the start of the intervention. Usually this would be finalized some three months after the start of the intervention.

We paid more attention in our measurement plan to ensure that **qualitative information was collected**. We found that it is often easy to collect, it helps to understand quantified changes and it helps to assess attribution.

We simply added 'questions' for the relevant boxes: that is enough to stimulate thinking about what to monitor during the field visits and what to include in our surveys.

When we started in 2014, most of the MRM examples and practices in MSD programs were from larger programs operating in larger economies. However, North Macedonia is a small economy and the sectors we were in were very small. For example, tourism destination management implies that all interventions target the same geographical area, the same stakeholders and the same beneficiaries. Copying and adapting the existing MRM practices, we initially developed a separate Intervention Plan for each intervention that we would implement with each partner. That resulted in a high workload and in so many monitoring and impact assessments that they just made it all too complex. At one stage we had 49 interventions each with their own Intervention Plan.



<sup>14</sup>Our Intervention Plan is an excel workbook with several tabs/worksheets: business model, results chain, indicators, projections and measurement plans and other information needs such as a log book and monitoring findings. Examples of such Intervention Plans are presented in '[Developing a Program Specific Monitoring and Results Measurement Manual](#)'.

<sup>15</sup>The detailed projection, i.e. the calculation of the values for all key indicators, includes two columns where assumptions and sources of information are listed for each key indicator.

<sup>16</sup>A key external assumption refers to a factor that might influence the success of an entire intervention, such as 'users have sufficient financial capacity to buy and use the product' that is being introduced through the intervention, or 'increased production will be absorbed by the market' as a result of our intervention.

We thus started to **combine interventions and Intervention Plans**. We developed a results chain consisting of a few subsets of interventions, following the logic that if these subsets together create the impact, then these changes should be assessed following one Intervention Plan. We monitored all changes in each sub-set of interventions and conducted one annual impact assessment for them<sup>17</sup>. We now manage some 15-20 interventions using our new definition of an intervention and respective Intervention Plan.

We outsourced most studies to **specialized research companies**. We carefully screened them and initially co-developed the studies, to ensure that the research served our purpose. By working with a few companies only, we were able to build their capacity, which later reduced our workload. It was challenging to convince them that we didn't want academic reports. We put a lot of effort into defining and explaining what we needed to know and how we would use it.

<b>What</b>	► Manage the relationship between the implementing agency and the SDC program manager
<b>Why</b>	► To ensure that learning takes place and leads to better results

We realized that it's crucial to keep our donor informed and to go through the learning process together.

We provided short monthly reports with crucial findings and discussed the bi-annual intervention and sector reviews with the SDC Program manager. That took time but also avoided surprises and helped to make necessary changes. For example, we found that we could increase impact if we would shift resources from one subsector to another subsector. The SDC program manager agreed because we took her through the learning process.



<sup>17</sup>Reference is made to the [case study](#), 'The Alliances Lesser Caucasus Programme (ALCP) in Georgia', illustrating how a single impact assessment can assess attribution for multiple interventions.

# The Review Phase

**What**

Define the objectives  
and processes

**Why**

To inform the evaluators  
on the program and the  
MRM system

Our head office conducted a thorough mid-term-review of our program based upon the information our MRM system had provided. They conducted workshops with stakeholders and held in-depth discussions with our staff. This became a very effective process because the facts were on the table and we all spoke the same language. Our donor accepted the internal review and didn't conduct another external review.



## Our Cost Benefit Analyses of our MRM system

It is certainly challenging to comply with the DCED Standard. We made considerable investments in building the system and our capacity, and it certainly increased the workloads of the intervention teams. We spent 60% of our capacity building budget for MRM trainings and pre-audit reviews<sup>18</sup> and we used 5% of the total administered funds for outsourced surveys (baselines and assessments)<sup>19</sup>. When we tried to assess the time the intervention teams spent on MRM tasks, we found it very challenging to specify which task was an MRM task and which task was a management task.

We had to adjust along the way to tailor the system to our context, needs and abilities. For us, the question was not so much *what* to monitor but ***how to monitor*** that ***effectively***: the question was not so much *what* should be documented but *how* that should be documented.

Focusing on the *how* questions makes the difference between an MRM system which is too demanding and an appropriate MRM system.

The benefits are also not easily quantified. We would not have been able to design and manage interventions and sector strategies which created more impact than the targets that were set, had we not had the information provided by our MRM system. We were able to respond easily to ad hoc requests for additional information from our SDC program manager: they could contact the responsible staff member directly as we all spoke the same language. The MRM system also built flexibility and trust in the SDC program manager because we took decisions based on facts and proper analyzes and the reported results were likely to be credible.



# The bottom line

For us, the benefits of an MRM system outweigh the costs of building and implementing it. Tailor-making the system is key to success and it needs to be driven by the team leader. It needs also to be appreciated by the donor. It is hard work but it does pay off in terms of achieving impact.

## About the IME program

Some 2,300 jobs have been created since the beginning of the implementation phase (2015) generating earning income of 3.6 million Swiss Francs in the three sectors of the IME Program. 1,830 private businesses or individuals, out of the total 11,000 reached, have benefited financially resulting in 1.5 million Swiss Francs net income increase.

Close to 1,700 individuals have improved or acquired new skills. IME interventions have supported Small and Medium Enterprises in developing and improving more than 600 new products and services, accessing 10 new international markets, improving market support functions and enabling a more conducive environment for business growth by facilitating Public-Private-Dialogues and signing 28 Memoranda of Cooperation with public institutions.

## About the authors

Hans Posthumus is the owner-trainer-consultant of [HPC](#) and an experienced Market Systems Development expert and a certified DCED auditor. He provides technical assistance, training and coaching services to programs and donors to implement the DCED Standard for Results Measurement. He has conducted and published thematic and specific research on the application of the Standard over the past ten years.

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## INCREASING MARKET EMPLOYABILITY PROGRAMME

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<https://www.swisscontact.org/macedonia>

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